

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)	
COMMISSION OF THE ENVIRONMENTAL)	
SURCHARGE MECHANISM OF EAST KENTUCKY)	
POWER COOPERATIVE, INC. FOR THE SIX-MONTH)	CASE NO.
BILLING PERIOD ENDING JUNE 30, 2016, AND THE)	2016-00335
PASS THROUGH MECHANISM FOR ITS SIXTEEN)	
MEMBER DISTRIBUTION COOPERATIVES)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO
EAST KENTUCKY POWER COOPERATIVE, INC. AND
EACH OF ITS 16 MEMBER COOPERATIVES

East Kentucky Power Cooperative, Inc. ("EKPC") and each of its 16 member distribution cooperatives ("Member Cooperatives"), pursuant to 807 KAR 5:001, are to file with the Commission the original and eight copies of the following information, with a copy to all parties of record. The information requested herein is due on or before December 14, 2016. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Any party shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which a party fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. A party filing a paper containing personal information shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. This item is addressed to EKPC. Refer to the memorandum prepared regarding the Informal Conference held at the Commission's offices on November 9, 2016, ("IC Memo") and the attached presentations provided by EKPC.

a. Explain how the proposed "flat rate" environmental surcharge factor adheres to the plain meaning of KRS 278.183(2), specifically the portion which states: "Recovery of costs pursuant to subsection (1) of this section that are not already included in existing rates shall be by environmental surcharge to existing rates imposed as a positive or negative adjustment to customer bills in the *second month following the month in which costs are incurred.*" (Emphasis added.)

b. Confirm that EKPC proposes the changes to the environmental surcharge mechanism become effective for the March 2017 expense month.

2. This item is addressed to EKPC. Provide proposed tariff sheets reflecting the "flat rate" methodology as proposed by EKPC.

3. This item is addressed to each of the 16 Member Cooperatives.

a. Provide the accounting methodology (i.e., cash or accrual) utilized by your particular Member Cooperative,

b. Explain whether the accounting methodology utilized by your particular Member Cooperative could exacerbate the possible impact to cash flow and margins caused by volatility in the environmental surcharge.

4. This item is addressed to each of the 16 Member Cooperatives. For your particular Member Cooperative, provide the following information as it relates to the environmental surcharge calculated for EKPC's December 2015 expense month, as billed to the Member Cooperatives in February 2016 for January 2016 usage:

a. The month in which the Member Cooperative records the amount billed in February 2016 as an expense;

b. The month in which the retail customer's usage will be subject to the Member Cooperative's pass-through factor calculated from EKPC's December 2015 expense month;

c. The month in which the Member Cooperative bills its retail customers the pass-through factor calculated from EKPC's December 2015 expense month;

d. The month in which the Member Cooperative records as revenue the amounts billed in the month indicated in part c. above.

Talina R. Mathews

Talina R. Mathews
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, Kentucky 40602

DATED NOV 30 2016

cc: Parties of Record

Case No. 2016-00335

*Taylor County R.E.C.C.
Taylor County R.E.C.C.
625 West Main Street
P. O. Box 100
Campbellsville, KY 42719

*Blue Grass Energy Cooperative Corp.
Blue Grass Energy Cooperative Corp.
1201 Lexington Road
P. O. Box 990
Nicholasville, KY 40340-0990

*Licking Valley R.E.C.C.
Licking Valley R.E.C.C.
P. O. Box 605
271 Main Street
West Liberty, KY 41472

*Big Sandy R.E.C.C.
Big Sandy R.E.C.C.
504 11th Street
Paintsville, KY 41240-1422

*Clark Energy Cooperative, Inc.
Clark Energy Cooperative, Inc.
2640 Ironworks Road
P. O. Box 748
Winchester, KY 40392-0748

*Owen Electric Cooperative, Inc.
Owen Electric Cooperative, Inc.
8205 Highway 127 North
P. O. Box 400
Owenton, KY 40359

*Farmers R.E.C.C.
Farmers R.E.C.C.
504 South Broadway
P. O. Box 1298
Glasgow, KY 42141-1298

*Cumberland Valley Electric, Inc.
Cumberland Valley Electric, Inc.
Highway 25E
P. O. Box 440
Gray, KY 40734

*Shelby Energy Cooperative, Inc.
Shelby Energy Cooperative, Inc.
620 Old Finchville Road
Shelbyville, KY 40065

*Fleming-Mason Energy Cooperative, In
Fleming-Mason Energy Cooperative, Inc.
1449 Elizaville Road
P. O. Box 328
Flemingsburg, KY 41041

*East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707

*Grayson R.E.C.C.
Grayson R.E.C.C.
109 Bagby Park
Grayson, KY 41143

*Nolin R.E.C.C.
Nolin R.E.C.C.
411 Ring Road
Elizabethtown, KY 42701-6767

*East Kentucky Power Cooperative, Inc
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707

*South Kentucky R.E.C.C.
South Kentucky R.E.C.C.
925-929 N Main Street
P. O. Box 910
Somerset, KY 42502-0910

*Inter-County Energy Cooperative Corp
Inter-County Energy Cooperative Corporation
1009 Hustonville Road
P. O. Box 87
Danville, KY 40423-0087

*Salt River Electric Cooperative Corp
Salt River Electric Cooperative Corp.
111 West Brashear Avenue
P. O. Box 609
Bardstown, KY 40004

*Jackson Energy Cooperative Corporati
Jackson Energy Cooperative Corporation
115 Jackson Energy Lane
McKee, KY 40447